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MMARS Policy: Accounts Receivable

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Intercept Policy

Executive Summary

Pursuant to M.G.L. Chapter 7A, § 3 the Comptroller is authorized to intercept payments to satisfy outstanding delinquent debts. This policy outlines the minimum requirements for intercept.

Considerations

Unless exempted by law or by the Comptroller, all delinquent debts that have completed the 120 day payment request and dunning cycle should be scheduled for intercept in addition to any other debt collection procedures (such as submittal to a collection agency) in accordance with this policy.

Policy

Intercept is authorized by, [M.G.L. c. 7A, § 3](#) and [M.G.L. c. 7A § 18](#). Intercept is an automated process that matches eligible payments to delinquent debt for individuals and organizations that function both as vendors for and customers of, the Commonwealth of Massachusetts. Currently, the Commonwealth offsets debts owed to the Commonwealth against both the MMARS disbursement process, and the Massachusetts Department of Revenue (DOR)'s MASSTAX system for individual state income tax refunds.

Accounts Receivable

Beginning in fiscal year 2003, CTR received authorization under M.G.L. c. 7A, § 18 to include accounts receivables from state authorities and cities and towns known as External Entities. This statute also allows CTR to charge a \$15.00 fee for every intercept if the payment amount is sufficient to offset the Comptroller fee and can cover a portion or the whole amount of the outstanding debt.

Establishment of an Account Receivable

A department/External Entity must try to pursue collection of the debt, which includes at a minimum, but is not limited to, three written billing and dunning notices in addition to the initial billing, and a final collection notice to the debtor. To be eligible for intercept, the debt must be at least 120 days old from the due date of the initial invoice to the print date of the last notice.

Dunning Language/Hearing Officer

All of the bills must include specific dunning language that mentions the possible assigning of the debt to a Collection Agency and/or to the intercept program offsetting against state and tax refund payments. The dunning language must also include notice of the possibility of an intercept processing fee. In addition, the debtors must be informed of their right to either dispute the debt, or make a timely written application for a hearing under [M.G.L. c. 30A](#), unless another review process is provided by law or regulation.

Suspension of Intercept

Should a department/External Entity receive in writing a notice from a debtor to dispute a debt or request for a hearing, debt collection activities including intercept must be suspended. The suspension of debt collection activities shall continue until the department/External Entity has completed the hearing or until the dispute has been resolved between the department/External Entity and the debtor. Departments that have agreed to place a receivable on a payment plan cannot submit that debt to intercept until the debtor defaults payment on the payment plan.

Submission of Accounts Receivables to the Intercept Process

Departments that use the Commonwealth's billing and accounts receivable system will have their debts load automatically to the intercept process after a minimum of 120 days and the final notice has been printed.

Departments/External Entities that have their own delegated accounts receivable systems and have met the dunning and aging requirements of the debt, can submit a debt file to the intercept program via the CTR web application or through an interface, pending CTR approval. Departments that submit debt files through the CTR web application are responsible for monitoring their intercepts through the web application, authorizing the processing of those files through MMARS and updating their debt files as needed.

Simultaneous Submission of Debt to Intercept and Debt Collection

815 CMR 9.00 allows for Departments/External Entities to submit their debt simultaneously to the intercept process and debt collection agencies. If the debt is collected through intercept the debt collection agency can not claim any fee related to the collection.

Requesting Exclusions from the Intercept Process

Departments requesting to exclude an object code, fund, appropriation, vendor code, individual payment(s) department, or individual receivable(s) from the intercept process must submit a letter and supporting legal language for the exclusion to the CTR Revenue Bureau. No request is necessary for receivables placed in dispute, as these receivables are automatically excluded from the intercept process. The final decision to exclude any debt from the intercept process remains with CTR and if approved, the Department will be notified.

Receipt and Applying Intercepted Funds Against Accounts Receivables

After an intercept has taken place, departments using the Commonwealth's billing and accounts receivable system will have the intercepted funds applied automatically against the appropriate accounts receivables. CTR will prescribe the method that departments will use to apply the cash to the debt. External Entities not using the Commonwealth's billing and accounts receivable system will receive their intercepted funds via a payment. These entities are responsible for applying the cash against the appropriate debt in the entity's own systems.

Reversal of an Intercept/Refund of the CTR Processing Fee for Departments

If a Department intercepts a debtor in error and needs to refund the money, the department must notify the CTR Revenue Bureau that a refund should be issued. In order for CTR to verify whether the \$15.00 processing fee was taken and to enable the refund to be issued, the e-mail or fax must contain the following information:

1. debtor's name;
2. debtor's Taxpayer Identification Number (TIN) (Social Security Number (SSN) or Federal Employer Tax Identification Number (EIN));
3. debtor's mailing address;
4. date and amount of the intercept; and
5. reason for the refund.

PLEASE NOTE
For Identity Theft Protection
DO NOT EMAIL Requests with SSNs for individuals.
Requests for refunds for individuals with SSNs MUST BE FAXED to
CTR REVENUE BUREAU at 617-973-2163.

CTR will then forward the e-mail or fax to DOR, so it may also issue a refund if the intercept was a MASSTAX Offset. The e-mail from the department will be used as an audit trail for CTR and external auditors as justification for the refund requests. CTR reserves the right to deny the refund of an intercept processing fee. Departments must continuously monitor debts including debts sent for intercept to ensure the debt is valid and still outstanding so these inadvertent errors are infrequent.

Reversal of an Intercept/Refund of the CTR Processing Fee for External Entities

If an External Entity intercepts a debtor by error and needs to refund the money, the External Entity must return the intercepted funds via a check made payable to the "Commonwealth of Massachusetts" and mail it to: Office of the Comptroller, One Ashburton Place, 9th Floor, Boston MA 02108 ATTN: REVENUE BUREAU.

In addition to the check, the External Entity must include a letter signed by the Treasurer or Chief Fiscal Officer of the External Entity that includes the debtor's name, debtor's TIN (SSN or FEIN), debtor's mailing address, date and amount of the intercept, and reason for the refund. If the offset was made against the warrant, CTR will issue a complete refund of the intercepted funds including the CTR fee. Refund checks that were offset against MASSTAX will be forwarded to DOR, so it may reissue the tax refund including the DOR processing fee; and CTR will refund the CTR processing fee. The letter from External Entities will be used as an audit trail by CTR and external auditors in order to monitor and review refund requests. CTR reserves the right to deny the refund of an intercept processing.

Electronic signature and Department Head Authorization of MMARS documents

Electronic signatures are limited to MMARS documents. **Electronic signatures can not yet be used for contracts, amendments or underlying supporting documentation.** With the implementation of the MMARS accounting system the Office of the Comptroller is aligning Electronic Security with department Head Signature Authorization (DHSA) in fiscal year 2005 in order to take advantage of electronic signatures for MMARS processing. Every MMARS action must be confirmed/authorized by the department head or an authorized signatory. Department head authorization can be accomplished in one of two ways:

- **Administrator Security With DHSA.** If the employee (Administrator - system processor) who submits a document to final status is a department head authorized signatory, the data in the MMARS system will be sufficient documentation. What appears in MMARS will be the record copy of the document.
 - ***Recording Doc Id on all supporting documentation.*** Since there is no paper copy required for the MMARS document the department will be required to include the MMARS Document Identification number (Doc ID) on all supporting documentation to “match” the supporting documentation with the electronic record of the MMARS document which will reside on MMARS. Recording the doc id on all supporting documentation can be accomplished by entry of the MMARS doc id on the first page of the supporting documentation, or by entering the doc id on a **MMARS Document Authorization/Records Management Form** which will act as the cover sheet to the supporting documentation for records management purposes.
- **Administrator Security Without DHSA.** If the employee (Administrator - system processor) who will be submitting a document to final status is not a department head authorized signatory, the Administrator must obtain a live (“wet”) signature from an authorized signatory approving the document ***PRIOR*** to submitting the document to final status in MMARS.
 - ***Review of document and supporting documentation.*** Since a department head is required to authorize the official record of a MMARS document, which is what **actually appears in the MMARS system**, departments must ensure that whoever authorizes the document has reviewed the document and related supporting documentation prior to authorization.
 - ***Written authorization.*** The written authorization may appear on a screen-print of the document as entered and validated, but prior to final submission, or on a **MMARS Document Authorization/Records Management Form** prescribed by CTR, to capture the prior authorization for documents.
 - ***Filing of authorization with supporting documentation.*** Authorization documentation must be kept on file at the department along with the record copy of other supporting documentation related to the MMARS document. See [Records Management](#) below.

What does electronic signature of a MMARS document mean?

When a department electronically submits a document to final status in MMARS, the department head is certifying to the Comptroller that the individual, on behalf of the department head, understands that their UAID (universal access identification) is being recorded for any entries made in the MMARS system **and that** that individual certifies under the pains and penalties of perjury that:

- it is their intent to attach an electronic signature approval and date to the MMARS document, **and that**
- they are either an authorized signatory of the department head who is authorized to approve the MMARS document as part of the department Internal Control Plan, **OR**
- that the document they are processing and any supporting documentation have been approved by an authorized signatory of the department head, secretariat and any other required prior approval (including secretariat signoff if required) and a copy of these approvals are available at the department referencing the MMARS document number, **and that**
- any expenditure or other obligation is supported by sufficient available legislatively authorized funds and is in accordance with the department's enabling legislation and funding authority; **and that**
- the MMARS document and any underlying supporting documentation are accurate and complete and comply with all applicable general and special laws, regulations and policies including public record retention and disposal requirements.

Records Management

The department is the record keeper of the official record copy of all receivable information. MMARS is the official record of the receivables entered by the department and will supersede any paper copies of the same information. The department must maintain any supporting or back up documentation related to a receivable entered in MMARS. A department is responsible for retaining and archiving receivable records in accordance with the disposal schedules issued by the Secretary of State Records Conservation Board.

Internal Controls

Under construction. See Accounts Receivable - Internal Controls – Revenue.

Information Sources

- Related Procedure – Under construction
- Related Policies:
 - Department Head Signature Authorization
 - Electronic Signatures for MMARS Documents
 - Accounts Receivable - Vendor/Customer Set up
 - Accounts Receivable – Debt Collection
 - Accounts Receivable – Payment Plans
 - Accounts Receivable – Cash Recognition
 - Accounts Receivable – Receivable Recognition and Reconciliation
 - Accounts Receivable – Lockbox Policy

- Accounts Receivable – Electronic Payments
 - Accounts Receivable – Invoice Statements
 - Accounts Receivable – Delinquent Debt Cycle
 - Accounts Receivable – Third Party and Multiple Third Party Billing
 - Internal Controls - Revenue
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- Legal Authority - [M.G.L. c. 7A](#); [M.G.L. c. 29](#); [M.G.L. c. 30, §. 27](#); [M.G.L. c. 10, § 17B](#); [M.G.L. c. 29, § 29D](#); [M.G.L. c. 7A, § 3](#); Massachusetts Constitution [Article LXIII Section 1](#); [815 CMR 9.00: Collection of Debts](#); [M.G.L. c. 30A](#); [M.G.L. c. 7A § 18](#)
 - Attachments - None
 - Links – None
 - Contacts – [CTR Help Desk](#)

Revisions

November 1, 2006 – Removed language referencing Knowledge Center and updated relevant links to Mass.gov portal site.